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**TO:** GENERAL COMMITTEE

**SUBJECT:** CASH-IN-LIEU OF PARKLAND INCENTIVES FOR AFFORDABLE HOUSING.

**WARD:** ALL

**PREPARED BY AND KEY CONTACT:** K. BRISLIN, SENIOR PLANNER EXTENSION # 4440

**SUBMITTED BY:** A. BOURRIE, RPP  
DIRECTOR OF PLANNING AND BUILDING SERVICES

**GENERAL MANAGER APPROVAL:** J. THOMPSON, P. ENG.  
ACTING GENERAL MANAGER OF INFRASTRUCTURE AND GROWTH MANAGEMENT

**CHIEF ADMINISTRATIVE OFFICER APPROVAL:** M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

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### **RECOMMENDED MOTION**

1. That staff in Planning and Building Services commence the process to amend the Built Boundary Community Improvement Plan (CIP) to include a cash-in-lieu of parkland grant for different categories of affordable housing as shown on the table attached in Appendix "A" to Staff Report PLN032-17.
2. That staff in Planning and Building Service review the feasibility and merits of using Section 37 of the *Planning Act*, (bonusing) revenues, to fund the proposed cash-in-lieu of parkland grants.

### **PURPOSE & BACKGROUND**

#### Report Overview

3. The purpose of this Staff Report is to review options for financial incentives for cash in-lieu of parkland payment to support a range of affordable housing categories and market rental, to recommend a preferred option, and to recommend proceeding to implement the recommended option.
4. On June 19, 2017, City Council adopted motion 17-G-162 directing staff to report to General Committee in the fall, financial incentive options to include in the Built Boundary CIP cash-in-lieu of parkland incentives to support affordable housing including emergency shelter, transitional housing, rent-geared to income housing, affordable rental and non-profit "sweat equity" homeownership as well as market rentals.
5. This motion arose out of a review of the Parkland Dedication By-law in Staff Report FIN016-17 dated June 12, 2017, which recommended an updated approach calculating cash-in-lieu of parkland and included a recommendation that staff report back to General Committee with respect to options for financial incentives for the various forms of affordable housing. Consideration of cash-in-lieu of parkland for market rental housing was added through a deputation to Council requesting this be considered.

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6. The Built Boundary CIP submitted to the Ministry of Municipal Affairs & Housing (MMAH) for pre-consultation included proposed cash-in-lieu of parkland exemptions for the spectrum of affordable housing. This was in recognition of preliminary recommendations from the Built Form Task Force. MMAH commented that exemptions from cash-in-lieu of parkland cannot be provided through a CIP. Refer to correspondence attached in Appendix "B" attached.
  7. The MMAH Affordable Housing Handbook provides information on planning and financial tools available to municipalities to encourage and support the development of affordable housing. This handbook includes parkland dedication and cash-in-lieu of parkland measures as a tool to support the provision of affordable housing. Examples of municipalities using this are included in the handbook which was used as the primary reference source for this report. This is a link to handbook. <http://www.mah.gov.on.ca/AssetFactory.aspx%3Fdid%3D9270>

### **ANALYSIS**

8. From staff's review of the foregoing handbook, the options available for cash-in-lieu of parkland based incentives include:
  - a) Reductions or exemption of parkland dedication or cash-in-lieu of parkland payments for specified types of affordable housing as identified in the respective municipal Parkland Dedication By-law.
  - b) Grants in the form of cash-in-lieu 'equivalent' grants included in a CIP.

#### Reduction or Exemptions

9. Reductions or exemption or of parkland or cash-in-lieu of parkland payment are implemented directly in a Parkland Dedication By-law. The by-law may specify criteria and types of housing which would qualify. For example, the City of Hamilton exempts the parkland dedication or cash-in-lieu of parkland requirement for eligible affordable housing projects. Similarly, Orillia's Parkland Dedication By-law exempts "not-for profit" or units that classify as "affordable housing" from parkland dedication or cash-in-lieu of parkland requirements.
10. This method can somewhat address long-term affordability through qualifying criteria, such as proof that the housing is offered by a not-for-profit organization, however it does not appear to provide the opportunity to register an agreement on title to ensure maintenance of affordability over time.
11. An exemption or reduction if written into the Parkland Dedication By-law does not require an outlay of funds from the City, although it would reduce the cash-in-lieu of parkland revenues received.

#### Equivalent Grants through a CIP

12. If a grant is offered through a CIP, the cash-in-lieu of parkland payment is required to be paid directly into the cash-in-lieu of parkland reserve through the development process. The CIP Grant would then be paid as a "rebate" from a general or CIP reserve account, generally after the project is completed. The City of Peterborough CIP includes a cash-in-lieu of parkland rebate grant for eligible Municipal Housing Facilities.
13. Qualifying criteria can be included in the CIP program. In addition, an agreement can be registered on title for a period of time to ensure affordability and other conditions are maintained.

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14. Staff Report FIN016-17 dated June 12, 2017, noted that the cash-in-lieu of parkland fund revenues as recommended will assist in the acquisition of new parkland or improvement of existing parkland, however there will be a shortfall in terms parkland needs identified in the Parks and Recreation Master Plan and capital budget for waterfront and other park improvements to 2031. This shortfall would need to be funded from general revenues.
  15. If cash-in-lieu of parkland deductions or exemptions were implemented to support affordable and market rental housing, the cash-in-lieu of parkland fund would have less funds and the shortfall would need to be make up the shortfall from general revenues.
  16. If a CIP cash-in-lieu equivalent grant program were implemented it would have to be funded from general revenues assigned to a CIP reserve fund or from some other source. Since all grants are subject to funding availability, there remains an opportunity to reassess the budget allocations from year to year to determine funds to be allocated to specific CIP programs. In addition, a CIP grant enables an agreement to be registered on title to ensure affordable housing is maintained for a minimum time frame. For this reason staff recommend that a new CIP program be considered for the built boundary.

#### Growth Management and Parkland needs in the Built Boundary

17. Growth in the built boundary is to occur through intensification, which is necessary and desirable for sustainable, transit-supportive growth. However, this will place added pressure on existing infrastructure, including parkland and open space infrastructure. With increased density there will be increased park usage. In addition, more dense housing forms result in reduced private outdoor amenity areas which means that there is more need and pressure for use of public parks. Thus the need for well-designed and programmed public parks will become increasingly important in creating a liveable City, in the built up areas of the City. The cash-in-lieu of parkland fees are an important source of funds to improve and enhance existing parks or acquire additional parkland.
18. To address the pressures from increased density proposed in the Built Boundary, the City has updated Section 37 (Bonusing) policies in the Official Plan. Section 37 provisions enable the City to require developments with increased density or height over and above what is permitted, to contribute to community needs such as funding parkland improvements, or for contribution towards obtaining additional affordable housing.
19. In this respect there may be an opportunity to use Section 37 funds received for affordable housing or parkland improvements to fund the CIP reserve funds for CIP incentives that support these community assets. Staff propose reviewing this method of funding a CIP cash-in-lieu of parkland equivalent grant through pre-consultation with the MMAH and through the CIP amendment process.

#### Incentives for Market Rental Housing

20. It is noted in Staff Report FIN016-17 Cash-in-lieu of Parkland Review, the recommended per unit cash-in lieu payment for high density residential units will be based on the medium density per unit requirement. While the estimated per unit amount based on market value would be \$17,500 per unit. This was considered to be a major disincentive to the development of high density development and a lower amount was recommended and approved. There is thus some built-in consideration in the cash-in-lieu policy to support all forms of higher density housing including market rental, and market ownership.

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21. At this time, staff suggest there is no need to provide added cash-in lieu incentives for market rental housing. There are several opportunities in the Urban Growth Centre and along the waterfront to take advantage of waterfront views and access to the City's excellent waterfront open space system. These locational advantages would support offering high end units at above average market rental rates. At the same time, the high end rental market housing stock will result in an increased average market price for the Barrie area, and this in turn will affect the price of affordable rental housing, because the definition of affordable rental housing is tied to average market rents (at or below average market rent). In this regard staff believe it is inappropriate to assist above average market rental units. Public funding assistance should directly assist affordable housing, which is where the greatest need exists.
  22. The City has over the past few years seen a gradual increase in rental unit developments. This may be a function of provincial changes to the rental housing regulations, the attractiveness of the sharing economy offering "temporary rentals", or an increased interest in rental investment portfolios. Staff anticipate a steady increase in rental units, unless there are significant changes in provincial policy to affect this.
  23. A CIP amendment requires pre-consultation with the MMAH, and public consultation. This process will enable staff to review the feasibility and merits of using Section 37 (Bonusing) funds to support CIP grants for cash-in-lieu of parkland, and to assess and determine whether including of this proposed grant for market rental housing has any public benefits worth considering.

#### **ENVIRONMENTAL MATTERS**

24. There are no environmental matters related to the recommendation.

#### **ALTERNATIVES**

25. The following alternatives are available for consideration by General Committee:

**Alternative #1**

Status Quo: The committee could defer consideration of further incentives for affordable housing until the Built Boundary CIP and the new parkland policy have been in effect for a longer period to determine the effectiveness of current measures to support affordable housing before introducing further changes.

While this approach is available, it does not address the motion. Furthermore, the preparation of a CIP amendment is required to include public consultation which will take some time, and monitoring of current programs will be considered in the final recommendations for the CIP amendment.

**Alternative #2**

General Committee could consider introducing reductions or exemptions to cash-in-lieu payments through the Parkland By-law which will be revisited in 2018.

Although this alternative is available, staff do not recommend this alternative as the resultant parkland fund will be less than anticipated. In addition this tool does not provide the opportunity to register a development agreement on title, to ensure long term maintenance of affordability.

**Alternative #3**

General Committee could consider a different breakdown of the proposed grant and percentages outlined in Appendix 'A' attached.

This alternative is not recommended as the breakdown is based on consistently applying the incentives for the spectrum of housing types already within the CIP. In addition, this program details will be considered more thoroughly through the CIP amendment process which is subject to public consultation.

**FINANCIAL**

26. There are no immediate financial implications for preparing a CIP amendment to the Built Boundary CIP to provide for a cash-in-lieu of parkland "equivalent" grant. Options to fund and implications of funding the grant will need to be considered in consultation with Finance, the development industry and affordable housing service providers, through the CIP amendment process, which requires public consultation prior to recommending approval of an amendment.
27. Some general financial observations are however provided in relation to implementing an amendment to the built boundary CIP which would include cash-in-lieu of parkland equivalent grants.
28. The cash-in lieu of parkland review report FIN016-17 stated that anticipated parkland needs are greater than estimated revenues from cash in lieu of parkland. While this will depend on the rate of growth and other variables, the estimated cash-in-lieu of parkland revenue would be approximately \$116 Million by 2031. This amount would greatly offset the demand on the tax based funding sources. Introducing a new CIP grant will not directly affect the anticipated revenues from cash-in-lieu of parkland, but would place added demand on the City's tax based funding or other sources to fund the grant program.



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29. The Built Boundary CIP Redevelopment Grant program proposes a method of building up a CIP reserve fund through applying the balance of the tax increment for approved projects to the CIP reserve. Refer to Appendix "C" attached. The built-up CIP reserve funds will come from the incremental tax increase from CIP benefiting projects. Since the Built Boundary CIP has been in effect for a year, no tax increment based grants have been awarded and funds through this process have not accumulated in the CIP reserve.
  30. The 2018 CIP budget includes \$512,599 of fee based grants and \$3,000 for tax increment based grants. It is proposed to transfer \$200,000 to the CIP reserve.
  31. All CIP programs are subject to funding availability, and the CIP reserve fund is monitored throughout the year to ensure funds are available for committed projects. In addition, Council has the opportunity through the annual budgetary process to determine whether funds should be allocated for specific programs. This provides some check and balance to ensure that cash-in-lieu of parkland commitments do not exceed funding availability.

**LINKAGE TO 2014-2018 STRATEGIC PLAN**

32. The recommendations included in this Staff Report support the following goals identified in the 2014-2018 Strategic Plan:
  - Inclusive Community
33. The proposed CIP amendment would be in support of affordable housing within the built boundary which supports planning for a diverse and variety of housing needs.

**Appendix “A”**  
**Table showing Existing Incentives and Proposed Cash-in-lieu of Parkland Equivalent Grant**

Affordable Housing Spectrum							Intensification Nodes/ Corridor Use (Mixed Use)	Brownfield Site <sup>3</sup>
Emergency Shelter Housing	Transitional Housing	Social Housing	Affordable Rental <sup>1</sup> – Average Market Rental or Less	Affordable Home Ownership (Non-Profit Sweat Equity)				
<b>E x i s t i n g</b>	100% of DC Grant	75% of DC Equivalent Grant	50% of DC Equivalent Grant	25% of DC Equivalent Grant	50% of DC Equivalent Grant	50% of DC Equivalent Grant	Studies Grant	
	100 % Building Permit Equivalent Fees	75% Building Permit Equivalent fees	50% Building Permit Equivalent fees	25% Building Permit Equivalent fees	50% Building Permit Equivalent fees	50% Building Permit Equivalent Fees	Remediation Grant	
	100% Planning Fee	75% Planning Fee	50% Planning Fee	25% Planning Fee	50% Planning Fee	100% Planning Fee		
	Tax Increment Grant <sup>2</sup> 5yrs	Tax Increment Grant <sup>2</sup> 5yrs	Tax Increment Grant <sup>2</sup> 5yrs	Tax Increment Grant <sup>2</sup> 5yrs	Tax Increment Grant <sup>2</sup> 5yrs	Tax Increment Grant <sup>2</sup> 5yrs		
	Grants available at Building Permit	Grants available at Building Permit	Grants paid at 50% occupancy	Grants paid at 50% occupancy	Grants available at Building Permit	Grant paid after tax increment is determined through MPAC property assessment	Grant paid after tax increment is determined through MPAC property assessment <sup>3</sup>	
	<b>Cash-in lieu-of parkland equivalent grant</b>							
<b>P r o p o s e d</b>	100 % Cash-in-lieu of parkland equivalent	75 % Cash-in-lieu of parkland equivalent	50 % Cash-in-lieu of parkland equivalent	25% Cash-in-lieu of parkland equivalent	50% Cash-in-lieu of parkland equivalent	N/A	N/A	
	Up to \$25,000 of cash-in-lieu grant available at building permit and balance at occupancy	Up to \$25,000 of cash-in-lieu grant available at building permit and balance at occupancy	Cash-in-lieu grant paid at occupancy	Cash-in-lieu grant paid at occupancy	Cash-in lieu grant paid at occupancy	N/A	N/A	
<ol style="list-style-type: none"> <li>1. Affordable rental housing is as defined in the City of Barrie Official Plan and Provincial Policy Statement.</li> <li>2. Projects that are exempt from taxes would not qualify for the tax incremental grant.</li> <li>3. Grant provided for cost of remediation up to value of tax incremental increase.</li> </ol>								

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Appendix "B"

**Letter from MMAH May 20, 2016**  
**Pre-Consultation Comments on Proposed 2016 Built Boundary CIP**

**Ministry of  
Municipal Affairs  
and Housing**

Municipal Services Office  
Central Ontario  
777 Bay Street, 13<sup>th</sup> Floor  
Toronto ON M5G 2E5  
Phone: 416-585-6226  
Fax: 416-585-6882  
Toll-Free: 1-800-668-0230

**Ministère des  
Affaires municipales  
et du Logement**

Bureau des services aux municipalités  
Centre de l'Ontario  
777, rue Bay, 13<sup>e</sup> étage  
Toronto ON M5G 2E5  
Téléphone: 416-585-6226  
Télécopieur: 416-585-6882  
Sans frais: 1-800-668-0230



May 20, 2016

Kathy Brislin BSc. TRP, MCIP, RPP  
Senior Policy Planner  
City of Barrie  
70 Collier Street  
Barrie, ON L4M 4T5

Dear Ms. Brislin:

**Re: City of Barrie – Built Boundary Community Improvement Plan**  
**MMAH File #: 43-CP-161916**

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Thank you for the opportunity to review and provide comments on the March 2016 draft Built Boundary Community Improvement Plan (CIP).

We would like to commend the City for preparing this new CIP which is intended to replace two existing CIP's; the Downtown Barrie: Next Wave CIP and the Allendale Centre CIP and expand the CIP Area to include the entire City of Barrie Built Boundary identified in the City's Official Plan.

It is our understanding that the purpose of the new CIP is to provide financial incentives designed to achieve emerging community goals and priorities which target key planning and growth management objectives for development within the Built Boundary, including affordable housing, brownfield redevelopment and mixed-use development within the City's intensification areas. The new CIP offers two major grant programs; the renovation grant and the redevelopment grant which incorporate elements of the programs offered under the two existing CIP's.

We offer the following comments and recommendations on the draft CIP:

Prior to January 1, 2007 the Minister of Municipal Affairs and Housing was responsible for the approval of community improvement plans. Now that approval authority rests with municipal council. There are a few sections within the draft CIP (Section 1.0 and 21.0) which make reference to provincial approvals, which we recommended be updated

It is unclear what the intent is of Section 5.1 of the CIP. The CIP Area which includes the Built Boundary and Intensification Areas is defined under Section 3.0 and identified on Schedule A of the CIP. Section 5 further identifies the areas that each program applies to. However, Section 5.1 appears to further reduce the area to which the programs apply.

Under the Renovation Grant Program, Section 6.4 of the CIP details the program delivery and process. However there appears to be conflicting information. The fourth paragraph indicates that approval will be conditional and works will be required to be completed within one year, and if not completed, conditional approval will be revoked. However the last paragraph in this section indicates that approved projects shall be completed within a year of approval and extensions for the completion of work may be granted to conditionally approved projects. As the two paragraphs appear to provide two different directions we recommend the City provide more clarification.

The Affordable Housing Grants included in the CIP are separated into four housing types which are eligible for different amounts of assistance under the program. We understand that the County of Simcoe's Housing Strategy is moving towards a 'Housing First' Model which focuses on the development of permanent affordable housing units that will accommodate a continuum of housing needs. As such, we recommend that the City consider applying the greatest amount of assistance to the development of permanent affordable housing to support the County's Housing Strategy. Alternatively, the City may also wish to consider only having a single set of incentives in the CIP which would be available to all affordable housing projects.

Section 28(7) of the *Planning Act* says that a municipality may make grants and loans, in conformity with the CIP. If a municipality wishes to waive or defer any fees, then a municipality will have to look to other legislation to do that. The grants listed under the Affordable Housing Grant program for fees pertaining to development charges, building permits and planning applications appear to be administered not as a grant or loan and should clarify that any fees required are to be paid upfront by the applicant, and then be reimbursed through a grant or loan. Section 8.1 also makes reference to exemptions for cash in lieu of parking and cash in lieu of parkland. If the City wishes to exempt these fees, then this cannot be done through the CIP.

Under the Redevelopment Grant Intensification Areas (Section 9.1), reference is made to transit areas and transit stations. It would be beneficial for the City to either identify these areas in an appendix to the CIP or include a reference to the relevant documents where these areas are identified.

One of the objectives of the Brownfield Redevelopment Grant is to take advantage of federal and provincial financial assistance programs for brownfield redevelopment. However, there is no mention in the CIP of offering tax assistance under Section 365.1 of the *Municipal Act*, and as such, the City would not be eligible for the provincial Brownfields Financial Tax Incentive Program (BFTIP) as a result. We also recommend a few technical revisions under Section 10.2.1; to update the reference to the Ministry of the Environment and Climate Change as well as revise the term 'Qualified Professional' to 'Qualified Person' for consistency with the legislation.

Under the Redevelopment Grant Process (Section 11.0) bullet 7(f) includes the acronym CEPTED. However, it is unclear to the reader what this acronym stands. As such we recommend that it be spelled out for greater clarity.

The General Grant Eligibility Requirements listed in Section 12 of the CIP stipulate that no improvements carried out prior to approval of the CIP will be eligible for funding. For

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greater transparency, the CIP should also clarify that any improvements carried out prior to a CIP application should also not be eligible for funding.

While the CIP provides details on the implementation of the Plan, there doesn't appear to be a protocol and framework for appealing a decision on an application. As such, we recommend that the City include this information in the CIP.

Once again, thank you for the opportunity to comment on the draft CIP. If you have any questions please do not hesitate to contact me at 416-585-6063, or Laura Daly at 416-585-7578.

Yours truly,

A handwritten signature in blue ink, appearing to read "Mark Christie". The signature is stylized and extends across the line of the "Yours truly," text.

Mark Christie, MCIP, RPP  
Manager, Community Planning and Development



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**Appendix "C"**  
**Tax Increment Based Grant Payments to Developer and to CIP Reserve Fund**

The annual grant payable will be equal to a percentage of the tax increment paid for the City's portion on the property taxes, in decreasing percentages of the increment, and the balance of the increment shall be allocated to a CIP Reserve account as follows:

Year	Percentage of Tax Increment	Percentage to CIP Reserve
1 (pro-rated)	100%	0
2	100%	0
3	75%	25%
4	50%	50%
5	25%	75%